

## Message Text

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R 141604Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

AMEMBASSY SUVA

AMCONSUL PORT MORESBY

UNCLAS STATE 175664

FOLLOWING REPEAT STATE 175664 ACTION HICOMTERPACIS

INFO CINCPAC USUN NEW YORK CINCPACREP GUAM TTPI

12 AUGUST.

QUOTE

UNCLAS STATE 175664

E.O. 11652: NA

TAGS: SOPN, TQ

SUBJECT: AGREEMENT REACHED ON NEW MICRONESIAN STATUS

PASS TO STATUS LNO BERGESEN

1. THE FOLLOWING WAS RELEASED BY OMSN AUG 9 AND IS TRANSMITTED FYI.

QUOTE: AGREEMENT REACHED ON NEW MICRONESIAN STATUS  
THE OFFICE FOR MICRONESIAN STATUS NEGOTIATIONS IN WASHINGTON RELEASED TODAY THE DRAFT TEXT OF A PROPOSED STATUS AGREEMENT BETWEEN THE UNITED STATES AND THE JOINT COMMITTEE ON FUTURE STATUS OF THE CONGRESS OF MICRONESIA WHICH WAS AGREED TO LAST MONTH IN GUAM BETWEEN THE PRINCIPAL U.S. NEGOTIATORS, AMBASSADOR FRANKLIN HAYDN WILLIAMS AND HIS DEPUTY JAMES M. WILSON, JR., AND THE CO-CHAIRMAN OF THE MICRONESIAN COMMIT-  
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TEE, SENATOR LAZARUS SALII AND REPRESENTATIVE EKPAP SILK.

THIS DRAFT COMPACT IS THE RESULT OF SEVERAL ROUNDS OF FORMAL NEGOTIATIONS AND INFORMAL TALKS DATING BACK TO 1969.

WHEN APPROVED BY THE CONGRESS OF MICRONESIA, THE CONGRESS OF THE UNITED STATES AND THE PEOPLE OF THE CAROLINE AND MARSHALL ISLANDS IN A FREE PLEBISCITE THE COMPACT, ACCORDING TO THE RELEASE, WILL ESTABLISH A NEW POLITICAL RELATIONSHIP BETWEEN THE UNITED STATES AND THOSE ISLANDS AFTER TERMINATION OF THE TRUSTEESHIP AGREEMENT BETWEEN THE UNITED STATES AND THE UNITED NATIONS.

HIGHLIGHTS OF THE DRAFT AGREEMENT ARE:

- THE NEW GOVERNMENT OF MICRONESIA WILL HAVE FULL RESPONSIBILITY FOR ITS INTERNAL AFFAIRS. IT WILL BE SELF-GOVERNING UNDER ITS OWN CONSTITUTION, WITH ITS OWN LAWS AND ITS OWN COURTS.

- THE UNITED STATES WILL HAVE THE RESPONSIBILITY FOR MICRONESIAN FOREIGN AFFAIRS AND DEFENSE. IT WILL HAVE THE EXCLUSIVE RIGHTS TO ESTABLISH AND MAINTAIN CERTAIN MILITARY INSTALLATIONS IN THE AREA.

- THE UNITED STATES WILL PROVIDE CONTINUING FINANCIAL ASSISTANCE TO THE GOVERNMENT OF MICRONESIA FOR AN INITIAL PERIOD OF FIFTEEN YEARS. THIS WILL INCLUDE SUPPORT FOR GOVERNMENT OPERATIONS, STARTING AT AN ANNUAL LEVEL OF \$35 MILLION, AND ADDITIONAL GRANTS FOR CAPITAL IMPROVEMENTS, STARTING AT \$12.5 MILLION ANNUALLY, BOTH DECLINING GRADUALLY OVER THE PERIOD. LOANS FOR OTHER DEVELOPMENT PROJECTS WILL ALSO BE MADE AVAILABLE AT AN ANNUAL RATE OF \$5 MILLION.

- THE UNITED STATES WILL ALSO PROVIDE FEDERAL POSTAL, METEOROLOGICAL AND COMMERCIAL AVIATION SERVICES TO MICRONESIA.

- BOTH PARTIES WILL ENJOY MOST-FAVORED NATION STATUS WITH RESPECT TO EACH OTHER'S CUSTOMS LAWS, EXPORT-IMPORT REGULATIONS AND OTHER COMMERCIAL TAXES.

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- UNITED STATES CURRENCY WILL CONTINUE TO BE USED AS LEGAL TENDER IN MICRONESIA FOR AN INDEFINITE PERIOD.

- MICRONESIA AND THE UNITED STATES WILL ESTABLISH APPROPRIATE REPRESENTATION IN EACH OTHER'S CAPITALS.

- THE COMPACT MAY BE TERMINATED UNILATERALLY BY EITHER PARTY AT THE END OF FIFTEEN YEARS, BUT THE ASSOCIATION CAN

CONTINUE IN EFFECT INDEFINITELY IN THE ABSENCE OF SUCH ACTION.

IN SEPARATE UNDERTAKINGS THE UNITED STATES HAS ALSO AGREED TO TRANSFER TO LOCAL CONTROL ALL PUBLIC LANDS PRESENTLY HELD IN TRUST. WITH U.S. CONGRESSIONAL APPROVAL IT WILL ALSO CONTINUE FINANCIAL AND DEVELOPMENT ASSISTANCE TO MICRONESIA DURING A TENTATIVELY AGREED FIVE YEAR PERIOD BETWEEN APPROVAL OF THE AGREEMENT AND THE END OF THE TRUSTEESHIP IN AMOUNTS RANGING FROM A PROJECTED LEVEL OF \$76 MILLION THIS FISCAL YEAR TO \$61 MILLION IN THE LAST YEARS OF THE TRUSTEESHIP. DURING THIS PERIOD ACTION WILL BE TAKEN TO PHASE IN THE NEW GOVERNMENT ESTABLISHED UNDER THE NEW MICRONESIAN CONSTITUTION AND TO TERMINATE THE TRUSTEESHIP ARRANGEMENT

WITH THE UNITED NATIONS.

IN PRESENTING THE PROPOSED AGREEMENT TO THE CONGRESS OF MICRONESIA ON AUGUST 7, MEMBERS OF THE JOINT COMMITTEE ON FUTURE STATUS SUGGESTED A NUMBER OF CHANGES IN THE TERMS AGREED TO AT THE GUAM MEETING. THOSE SUGGESTIONS WILL BE THE SUBJECT OF FURTHER DISCUSSION BETWEEN THE UNITED STATES AND THE JOINT COMMITTEE ON FUTURE STATUS.

THE THIRD MAJOR ISLAND GROUP IN THE TRUST TERRITORY, THE MARIANAS, HAS REQUESTED SEPARATE NEGOTIATIONS WITH THE UNITED STATES. THESE NEGOTIATIONS HAVE BEEN UNDERWAY SINCE 1972 AND ARE LEADING TOWARDS A COMMONWEALTH ARRANGEMENT WHEREBY THE MARIANAS WOULD BECOME A PART OF THE AMERICAN FAMILY UNDER U.S. SOVEREIGNTY WITH THE PEOPLE OF THE NORTHERN MARIANAS HAVING THE RIGHT TO BECOME AMERICAN CITIZENS. THIS AGREEMENT WILL ALSO BE SUBJECT TO THE FINAL APPROVAL OF THE PEOPLE BY A PLEBISCITE." END QUOTE.  
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